

8.2	<b>MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021-2022/2023</b>
-----	--

Collaborator No: 682431  
IDP KPA Ref No: Good Governance and Compliance  
Meeting Date: 20 March 2020

**1. SUBJECT: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021-2022/2023**

**2. PURPOSE**

The purpose of this report is as follows:

- a) The Executive Mayor to table the Medium Term Revenue and Expenditure Framework (inclusive of property rates charges and taxes, tariffs and service charges), annexures and proposed amendments to the budget related policies and other policies to Council for approval in terms of Section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003).
- b) That Council specifically note and consider the need to take up external loans to fund critically needed refurbishment of infrastructure to the tune of R 400 million of which over the MTREF R160 million will be required in year 1, R120 million in year 2 and R120 million in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirms draft approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements.
- c) That Council specifically note and consider the applications for extension of the Jonkershoek and Techstel Special Rating Areas (SRA), that is in terms of paragraph 15(a) of the SRA By-Law.

**3. DELEGATED AUTHORITY**

**FOR APPROVAL BY MUNICIPAL COUNCIL**

**EXECUTIVE SUMMARY**

Attached as **APPENDIX 1** is an executive summary by the Accounting Officer.

**SPECIAL RATINGS AREAS – NEXT FIVE YEAR TERM**

The Jonkershoek and Techstel Special Rating Areas (SRA) were first established in 2015 and have been successfully operating for the past five years. The respective management bodies have now applied for their SRAs to be extended for a further period of five years, ending 30 June 2025.

There are no financial implications for the municipality. SRAs are community driven initiatives and are financed by the property owners within the boundaries of the SRA. The municipality pays the approved budget over to the relevant management body in twelve equal, monthly instalments and recovers the money from property owners via the monthly consumer accounts. Normal credit control and debt collection processes are followed in instances of non-payment and retention is also withheld from the budget to offset any potential losses of the municipality. In the first five years of the SRAs being in operation, this measure has not been necessary.

Applications for extension of the terms are done in in compliance with paragraph 15(a) of the SRA By-Law. Such council approval can only be given in terms of Chapter 1 of the By-Law. For good reason, the council may exempt the management body of the SRA from compliance with Chapter 1, which mainly deals with the process to be followed when first establishing a SRA. Such exemption is being requested by the management body of the SRA.

Full reports of both SRAs are attached hereto as Annexures 32 and 33. Sub Annexures A – D include the Application Letters, Business Plans, 5 Year Budgets and AGM Minutes.

#### **URGENT COUNCIL MEETING: 2020-03-25: ITEM 8.2**

The Speaker afforded the Executive Mayor the opportunity to deliver her Budget Speech (attached as an **APPENDIX**).

#### **RESOLVED** (majority vote)

- (a) that the Draft High Level Budget Summary, as set out in APPENDIX 1 – PART 1 – SECTION C; be approved for public release;
- (b) that the Draft Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX 1 – PART 1 – SECTION D, be approved for public release;
- (c) that the proposed Grants-In-Aid allocations as set out in APPENDIX 1 – PART 2 – SECTION J, be approved for public release;
- (d) that the three year Capital Budget for 2020/2021, 2021/2022 and 2022/2023, as set out in APPENDIX 1 – PART 2 – SECTION N, be approved for public release;
- (e) that the proposed draft rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in APPENDIX 3 , be approved for public release;
- (f) that the proposed amendments to existing budget related policies and other policies as set out in APPENDICES 4 - 29, be approved for public release;
- (g) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the tune of R400 million of which R160 million will be required in year 1, R120 million in year 2 and R120 million in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirm approval of same;
- (h) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially;
- (i) that Council takes note of MFMA circulars 98 and 99 that was published to guide the MTREF for 2020/2021 to 2022/2023 as set out in APPENDICES 30 – 31;
- (j) that Council notes the Jonkershoek and Techstel SRA applications for the extension of the SRAs for a further period of five years and exempts both management bodies in terms of paragraph 15(a) of the SRA By-Law, from compliance with the provisions of Chapter 1 of the SRA By-Law;

- (k) that proposed extension of the Jonkershoek and Techstel SRAs for a further period of five years beginning 1 July 2020 and ending 30 June 2025 be approved for public release; and
- (l) that the proposed five year budgets with a combined total of R30 943 773.35 (VAT included) for Jonkershoek SRA and R15 713 218.21 (VAT included) for Techstel SRA as detailed in Annexures 32 (c) and 33 (c) be approved for public release.

*Councillors DA Hendrickse and LK Horsband requested that their votes of dissent be minuted.*

**FOR FURTHER DETAILS CONTACT:**

<b>NAME</b>	<b>KEVIN CAROLUS</b>
<b>POSITION</b>	<b><i>DIRECTOR: FINANCIAL MANAGEMENT SERVICES</i></b>
<b>DIRECTORATE</b>	<b><i>FINANCIAL SERVICES</i></b>
<b>CONTACT NUMBERS</b>	<b><i>021 808 8528</i></b>
<b>E-MAIL ADDRESS</b>	<b><i>kevin.carolus@ Stellenbosch.gov.za</i></b>
<b>REPORT DATE</b>	<b><i>30 March 2020</i></b>